

Basic Economics Unit Test

Multiple Choice

Identify the choice that best completes the statement or answers the question.

- ____ 1. True or False: Most businesses who sell goods also provide services to their customers.
a. **true** b. false
- ____ 2. A lack of resources needed to go into producing goods and services is called _____.
a. **scarcity** c. abundance
b. deficiency d. insufficiency
- ____ 3. This stage of the business cycle is when we see the economy at its worst.
a. recovery c. prosperity
b. **depression** d. recession
- ____ 4. Businesses _____ for your business so the more businesses there are offering the product, the better this is for you as the consumer.
a. sell c. eliminate
b. credit d. **compete**
- ____ 5. _____ is the study of how individuals and groups of individuals strive to satisfy their needs and wants by making choices.
a. **Economics** c. Finance
b. Business d. Accounting
- ____ 6. The decision to stop manufacturing products is often because of decreased _____.
a. **demand** c. price
b. competition d. business size
- ____ 7. In a command economy, key economic decisions are made by _____.
a. individuals c. capitalists
b. **a central authority** d. entrepreneurs
- ____ 8. Tasks that businesses perform for consumers are known as _____.
a. resources c. goods
b. **services** d. fees
- ____ 9. Figures used to measure economic performance are called economic _____.
a. trends c. **indicators**
b. standards d. indices
- ____ 10. Goods are physical products that you can take _____ of.
a. **ownership** c. receipts
b. theory d. understanding
- ____ 11. An increase in the unemployment rate indicates an economy is _____.
a. market driven c. picking up
b. **slowing down** d. saturated
- ____ 12. The Four basics needs are _____, Water, Clothing, and Shelter.
a. Employment c. Money
b. Family d. **Food**
- ____ 13. As a consumer, you _____ a business by buying their goods and services.
a. **reward** c. purchase
b. evaluate d. like
- ____ 14. In a market economy, economic decisions are made _____.
a. at the top c. by individuals
b. by industry leaders d. **by the marketplace**
- ____ 15. The reward that motivates businesses to supply goods and services is _____.
a. employment c. fees
b. prestige d. **the profit motive**
- ____ 16. _____ are things you do not need for survival
a. needs b. **wants**

- ____ 17. Wheat, Copper, Labor, and Oil are all examples of _____ people use to make or obtain what they need and want.
 a. products c. taxes
b. resources d. subsidies
- ____ 18. Any commercial activity that seeks profit by providing goods and services to others in exchange for money is called _____.
 a. sales c. **business**
 b. transactions d. hustling
- ____ 19. The total amount of money a government owes is its _____.
 a. balance of trade c. budget deficit
b. national debt d. public liability
- ____ 20. This stage of the business cycle reflects an economy that begins to slow down activity.
 a. depression c. **recession**
 b. recovery d. prosperity
- ____ 21. The total value of the goods and services produced in a country in a given year is called what?
 a. national production c. **gross domestic product**
 b. economic performance d. standard of living
- ____ 22. This stage of the business cycle usually has the GDP begin to grow while businesses begin to produce more goods and services (happens after a recession and/or depression).
 a. depression c. **recovery**
 b. recession d. prosperity
- ____ 23. Economic systems are methods societies use to _____ resources.
 a. create c. **distribute**
 b. eliminate
- ____ 24. To make to best use of limited resources, satisfy your _____ first.
 a. wants b. **needs**
- ____ 25. This stage of the business cycle is consider to have the “peak” of economic activity.
a. prosperity c. depression
 b. recovery d. recession

Matching

- | | |
|-----------|----------------------|
| a. Price | c. Demand |
| b. Supply | d. Equilibrium Price |
- B** 26. amount of goods and services producers will provide at various prices
C 27. amount of goods and services that consumers are willing to buy at various prices
A 28. the amount of money given or asked for when goods and services are bought and sold
D 29. the point at which the quantity demanded equals the quantity supplied
- | | |
|----------------------|------------------------------|
| a. Natural Resources | c. Capital Resources |
| b. Labor Resources | d. Entrepreneurial Resources |
- B** 30. People who make the goods and service
A 31. Raw materials used from nature to manufacture goods
D 32. Individuals who start and manage businesses producing goods
C 33. Things like buildings, equipment, and materials used to produce goods

Short Answer

34. What is profit (hint - thinks in terms of “cost” and be specific)?

Basic Economics, Resources, and Cycles - Test 1

Answer Section

MULTIPLE CHOICE

- | | |
|------------|--------|
| 1. ANS: A | PTS: 1 |
| 2. ANS: A | PTS: 1 |
| 3. ANS: B | PTS: 1 |
| 4. ANS: D | PTS: 1 |
| 5. ANS: A | PTS: 1 |
| 6. ANS: A | PTS: 1 |
| 7. ANS: B | PTS: 1 |
| 8. ANS: B | PTS: 1 |
| 9. ANS: C | PTS: 1 |
| 10. ANS: A | PTS: 1 |
| 11. ANS: B | PTS: 1 |
| 12. ANS: D | PTS: 1 |
| 13. ANS: A | PTS: 1 |
| 14. ANS: D | PTS: 1 |
| 15. ANS: D | PTS: 1 |
| 16. ANS: B | PTS: 1 |
| 17. ANS: B | PTS: 1 |
| 18. ANS: C | PTS: 1 |
| 19. ANS: B | PTS: 1 |
| 20. ANS: C | PTS: 1 |
| 21. ANS: C | PTS: 1 |
| 22. ANS: C | PTS: 1 |
| 23. ANS: C | PTS: 1 |
| 24. ANS: B | PTS: 1 |
| 25. ANS: A | PTS: 1 |

MATCHING

- | | |
|------------|--------|
| 26. ANS: B | PTS: 1 |
| 27. ANS: C | PTS: 1 |
| 28. ANS: A | PTS: 1 |
| 29. ANS: D | PTS: 1 |
| 30. ANS: B | PTS: 1 |
| 31. ANS: A | PTS: 1 |
| 32. ANS: D | PTS: 1 |
| 33. ANS: C | PTS: 1 |

SHORT ANSWER

34. ANS:
dd

PTS: 1